

- (d) Using information from the text and supply and demand analysis, evaluate the likely future movements in ticket prices.

[8 marks]

Responses may include:

- increase in demand as the fear of SARS diminishes leading to higher prices and more air travel
- possible increase in supply as regional carriers pick up businesses and, eventually, as foreign carriers re-enter the market. This would reduce prices and increase air travel
- possible switch to substitute methods of communication for business meetings, shifting demand to the left and lowering prices
- cut price tickets may lead to a price war.

Evaluation may be based on short run/long run price effects.

Examiners should be aware that candidates may take a different approach which if appropriate should be fully rewarded. If there is no direct reference to the data, then candidates may not be rewarded beyond Level 2.

Level		
0	No valid discussion.	0
1	Few relevant concepts recognized. Little discussion or only basic understanding.	1-2
2	Relevant concepts recognized and developed in reasonable depth. Some attempt at application and analysis.	3-5
3	Relevant concepts developed in reasonable depth, demonstrating effective evaluation, supported by appropriate evidence or theory.	6-8